

CHAPTER 4

ADJUSTMENT PROCEDURES

A. REQUESTING ADJUSTMENTS

1. Submission.

a. All requests for adjustments will be forwarded to the billing office with the following exceptions:

(1) Requests for copies of interfund bills will be forwarded to the **DAASO** if the **DAASO** record retention period has not expired. See section G for additional information.

(2) Requests for adjustments of GSA billings, other than subparagraph (1) above, will be forwarded to the GSA central processing office (RI Code "GSA"). For adjustment purposes, this office is considered a "billing office". All requests for adjustments are to be forwarded via AUTODIN. Correspondence, if necessary, should be mailed to:

GSA Discrepancy Reports Center (**6FRB**)
1500 East Bannister Road
Kansas City, Missouri 64131-3087

b. All requests for adjustments, including those related to FMS and reported to **ILCOs** under FMS ROD procedures (references (n) and (o)) will be forwarded to the billing office in the format prescribed for the billing advice code appropriate to the request. The formats are prescribed in the C series appendices.

c. All requests for adjustments will be submitted within 30 **calendar** days of billing. Exceptions to this requirement, where appropriate, are noted in other sections of this chapter. Initial requests for adjustment received after the record retention period for billing records will be denied.

2. Minimum Value.

a. No request for adjustment will be submitted for **non-FMS** | billing errors if the amount of the adjustment is:

(1) \$25 or less and the billing office is GSA.

(2) Less than \$100 and the billing is for a subsistence item.

(3) Less than \$250 and subparagraphs (1)-(2) do not apply.

b. There **is** no minimum value for:

(1) Requesting a corrected bill when the **bill** received is incomplete (**BAC** "19"),

(2) Requesting status of required billing (**BAC** "34"),

(3) Requesting a copy of a bill (**BAC** "41"),

(4) Requesting noninterfund billing when the billing cannot be processed under interfund procedures (**BAG** "51").

(5) Requesting adjustments of FMS billing errors. However, the ILCOS or others may not submit FMS adjustment requests when the request can be rejected per the general conditions of the **DD** Form 1513, **US**. Department of Defense Offer and Acceptance.

B. CANCELLING OR AMENDING **REQUESTS** FOR ADJUSTMENT

1. Submitting offices will cancel requests for adjustments whenever the request is invalid or inappropriate and the billing office has not responded to the request.

2. **If** the billing office has responded to an invalid or inappropriate request with a billing status code in the "A," "D," or "E" series no further action is required. Submitting offices will forward a cancellation request (**DI** Code **FAC**, **FDC**, or **FJC**) to the billing office if a 'billing office response ("C" series **BSC**), considering the advice code forwarded, indicates that an adjustment is in process.

3. Requests for adjustments may be amended by canceling the original request and submitting a new request.

C. FOLLOWUP ON UNANSWERED REQUESTS FOR ADJUSTMENT OR MRP CREDIT

1. Additional **followup** to DAASO for copies of interfund bills, if needed, will be by letter, message, or telephone (AV 986-6395). **Followup** to DAASO may begin seven calendar days after the request is submitted.

2. Except for **followups** described in paragraph 1, offices submitting adjustment requests will follow up on requests for adjustments remaining unanswered for more than 45 calendar days after submission. The **followup** will be forwarded in the same manner as the initial request and **in** the **DI** Code **FAF**, **FDF**, or **FJF** format appropriate for the advice code. If the request for adjustment remains unanswered for more than 30 calendar days after **followup**, submitting offices will forward a second and final **followup** by letter or message to the billing office. In addition to providing the billing office with the information **required** to process the request,

e. Backordered. A request for adjustment in the format prescribed for **BAC "18"** will be forwarded to the billing office whenever a billing is received on a requisition which was backordered and the ICP or IMM has provided **MILSTRIP** (reference (s)) status, **after** receipt of the billing, confirming that the materiel is still backordered. Do not submit requests citing **BAC "18"** prior to obtaining this status.

f. Billing cannot be rendered. Billed offices will request adjustments in the format prescribed for **BAC "20"** whenever the billing office issues a bill after advising, in a response to a request for billing status (**BSCs** **DC** and **DF**), that a bill could not be rendered.

g. Improper interfund. Whenever billing offices bill under interfund procedures and **MILSBILLS** procedures do not prescribe billing under interfund procedures, billed offices will forward requests for adjustment in the format prescribed for **BAC "52"**. When **MILSBILLS** procedures prescribe billing under interfund procedures, **billing** offices **will** deny these requests. If the requisition or excess report was coded incorrectly and the interfund billing cannot be processed, refer to procedures for requesting rebilling under **non-interfund** procedures.

6. Promised Adjustment Not Received. A request for adjustment **citing** **BAC "23"** will be **prepared** when a **billing** or **adjustment** is not **received** and more than 30 calendar days have **elapsed since** receiving a reply (**DI** Code **FAR** or **FJR**) to a request for adjustment promising the billing or adjustment. If the adjustment promised relates to a discrepancy report, refer to the section on adjustments for discrepancy reports.

7. Other Billing Problems. Billed offices or others will request adjustments for problems not covered by this section or sections **E**, **F**, **H**, or **J** by forwarding a letter (or message) of explanation along with the information prescribed for **BAC "55"**. Billing offices will respond, via **AUTODIN**, in the **DI** Code **FAR** or **FJR** format. If required, or deemed appropriate, the billing office will also respond by letter or message.

K. ADJUSTMENTS FOR CHANGE NOTICES

1. If an order is placed with or through a stock fund, an undelivered order (obligation) should be recorded when the order is placed. A non-stock numbered item should be recorded as an undelivered order when the order is accepted. An adjustment to the undelivered order should be processed when a change notice affecting price, quantity, or an acceptable substitution of a like item is received from the stock fund. Refer to chapter 25 of DoD 7220.9-M (reference (i)) for more specific information on the above requirements.

2. If a stock fund customer does not receive a change notice or does not receive it in time to cancel or modify the order and **additional** funds are required, the materiel may be refused or returned to the stock fund and an adjustment requested. Adjustments for this reason will be forwarded by mail and must be signed by the activity accounting officer. The request will state essentially:

"As a result of a price change, quantity change, or authorized substitution, the value of the materiel received exceeds amounts obligated and all available obligation authority. Request credit for the indicated quantity and items delivered under the following requisition document and suffix number. In addition, provide us with the return instructions for the materiel."

3. The **billing** office will honor all such requests and provide adjustment, without regard to dollar value, after the materiel is returned. The billing office will also contact the item manager (requisition processing office) to arrange for the return.

L. ADJUSTMENTS FOR FMS DISCREPANCIES AND BILLING ERRORS

The Military Departments may automatically grant **adjustments**¹ and charge or credit the administrative surcharge fund when:

a. The request cannot be rejected per the general **conditions**² of the DD Form 1513, "U.S. Department of Defense Offer and Acceptance, and

b. The transaction was **billed** on a DD Form 645, Foreign Military Sales Transactions, -' and

c. The amount of the adjustment requested is either (1) less than \$100 or (2) less than the amount approved for that Military Department by the DSAA.³

¹**Automatic** adjustments may be withheld from specific customers if there is a pattern of abuse of this authority. When such a pattern exists, all discrepancies and billing errors from that customer should be researched.

²**Pre-March 1, 1979**, DD Forms 1513 authorized submission of discrepancy reports for overages, shortages (including non-receipt), and damages when amounts exceed \$25 for a line item. Effective March 1, 1979, the DD Form 1513 increased the \$25 threshold to \$100.

³**Military** Departments may request approval for a different adjustment level. The dollar amounts of automatic adjustments will be determined by an agency cost effectiveness study which compares the administrative cost of conducting necessary research to determine specific responsibility versus the cost which **will** be incurred by the administrative surcharge pool if an automatic refund is authorized. The agency cost effectiveness study must be submitted to DSAA for review and approval.

M. CREDITS FOR EXCESS REPORTS (MATERIEL RETURNS PROGRAM)

1. Materiel returns program (MRP) procedures are prescribed by MILSTRIP (reference (s)).

2. Billing offices will process credits for excess reports during the first billing cycle after receiving notification that materiel, authorized for return under creditable procedures, has been received in a condition warranting credit. The credit will be processed in the DI Code FD1/2 format.

3. MRP credits will be processed at the standard price in effect at the time of receipt or at a reduced price if, in the opinion of the IMM, the condition warrants such reduction.

N. DISPUTED RESPONSES TO REQUESTS FOR ADJUSTMENT

Billing and billed offices are expected to resolve their differences regarding adjustment requests. However, when a billed office does not agree with a billing office's response and the billed office considers the amounts involved significant, the billed office may consider the dispute an unresolved problem and follow the procedures prescribed in chapter 1.